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## DIGEST

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Pope

HB No. 673

**Abstract:** Allows members of the La. State Employees' Retirement System and the Teachers' Retirement System of La. who are involuntarily or voluntarily furloughed from a postsecondary entity to continue accruing service credit or earning benefits in their retirement system.

Proposed law allows members of the La. State Employees' Retirement System (LASERS) and the Teachers' Retirement System of La. (TRSL) who are involuntarily or voluntarily furloughed by a postsecondary entity to accrue service credit for the periods of furlough. Such service credit shall be used for calculation of benefits and attaining retirement eligibility. The employer and employee shall remit their respective contributions which would have been remitted if not for the furlough, and as otherwise provided by law. The service credit accrued, together with certain other credit purchases, shall not exceed five years. The provisions of proposed law shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure. No more than 30 days of service credit shall accrue pursuant to proposed law in any fiscal year.

Present law (R.S. 11:921 et seq.) generally provides for a defined contribution plan within TRSL known as the Optional Retirement Plan (ORP). Certain TRSL eligible persons may participate in the ORP. Such persons are not members of the TRSL defined benefit plan. During ORP participation, no service credit is earned. Rather, the employee and employer contributions that would be paid on behalf of a TRSL member are remitted to a third-party provider who invests the ORP funds on behalf of the participant.

Proposed law provides that any TRSL ORP participant may continue to remit his employee contributions and have the employer remit the appropriate employer contributions to the ORP provider which would be remitted under present law if not for the furlough.

Proposed law requires that any cost of proposed law be funded with the employee and employer contributions required pursuant to proposed law. Provides that the additional cost, if any, shall be funded with additional employer contributions from the furloughing agencies in compliance with Art. X, §29(E)(5)(b) of the state constitution.

Effective July 1, 2009.

(Adds R.S. 11:163.1)

## Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Retirement to the original bill.

1. Adds persons who voluntarily choose to be furloughed to those who are authorized by proposed law to continue to contribute employee contributions and have their employer continue the appropriate employer contributions during the furlough period.
2. Limits the application of proposed law to members of LASERS and TRSL who are furloughed by a postsecondary entity.
3. Clarifies that the employee and employer each remit their respective contributions to the system during the furlough period.
4. Provides that proposed law shall not apply to furloughs implemented as a result of a declaration of financial exigency or force majeure.
5. Provides that the number of furlough days upon which service credit may accrue pursuant to proposed law shall not exceed 30 days in any given fiscal year.